LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
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FISCAL IMPACT STATEMENT

LS 6796 **DATE PREPARED:** Dec 23, 2000
BILL NUMBER: HB 1453 **BILL AMENDED:**

SUBJECT: Teacher Loan Forgiveness.

FISCAL ANALYST: Chuck Mayfield
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FUNDS AFFECTED: **X** **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for educational loan forgiveness for Indiana public elementary and high school teachers who teach at least five years in a geographic or subject area with a teacher shortage. The bill provides that the maximum amount of loan forgiveness per individual is $15,000. It establishes the Teacher Loan Forgiveness Fund. This bill also provides that the State Student Assistance Commission shall administer the Teacher Loan Forgiveness Program.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The impact depends on what subject and geographic areas are designated as teacher shortage areas and the outstanding loan balances after five years. There were approximately 65,000 certified staff in schools during the 2000 school year. Mathematics, science, and special education subject areas have been viewed as shortage areas in the past. The number of teachers between 5 and 10 years of experience teaching mathematics, science, or special education during the 2000 school year was 2,588. According to the USA Group, undergraduates leaving college after four years have about 10 years to pay student loans. Graduates from a four-year college in the 2000 school year potentially owed an average of $10,173. Students generally have to start making payments six months after graduation. After 5 years the teacher would owe about $6,200. The amount of the loan forgiveness would then be about $16 M the first year of implementation.

There are about 600 new teachers each year in the mathematics, science, and special education areas. Assuming the number of new teachers going into shortage areas remains constant, the annual impact after the first year would be about $3.8 M.

The Teacher Loan Forgiveness Program would be administered by the State Student Assistance Commission. According to the Commission, loan forgiveness programs are staff intensive and time consuming. Tracking generally must go on for years after the program ends. The Commission estimates that about 10% of the budget should be reserved for administrative costs. The expenses of administering the program are to be paid from the Teacher Loan Forgiveness Fund, which is established in this bill.

The bill does not contain an appropriation.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Standards Board, State Student Assistance Commission, Department of Education.

Local Agencies Affected:

Information Sources: Department of Education Databases, Jeff Zaring of the Department of Education, Nick Vesper of the State Student Assistance Commission.